

EXHIBIT 3

Herbert M. Gottlieb
10 Indian Trail Court
Novato, CA 94947

February 21, 2006

Dear Mr. Goldenberg,

Following Nacio's new organizational chart and re-alignment of reporting distributed on January 11, 2006, I think it behooves both of us to acknowledge the obvious, that I have effectively been stripped of any chain of command, and therefore have been constructively terminated. This was preceded by a series of more incremental changes in staff responsibility reductions, to the point no one reports directly to me, now officially. It goes without saying that such prevents me from performing my duties per Section 2, "Employee will have the responsibility for directing the sales and partner programs of the Company". I cannot direct anything without subordinates or staff. This has been uncomfortable, but I am hopeful and optimistic that as business people, you and I can forge a 'win win' closure to my employment following such constructive termination.

The Constructive Termination clause occurs if there is a "material change in Employee's responsibilities not agreed to by Employee" and entitles me to one year's severance (in addition to the other compensation due, such as the current promissory note for the signing bonus, commissions, and the stock rights). To cut to the chase, I am willing to offer Nacio a very smooth transition that will allow both of us to move on and involve compromise on my part, in exchange for continued mutual admiration and professional regard. Accordingly, I am willing to waive my entitlement to my one year severance for constructive termination, provided that the following are agreed to and actually performed:

1. The promissory note amount, currently \$88,808.55 as of end of January 2006, is paid off at an accelerated rate of \$5,000 per month. I would, upon full payment, release my UCC-1 security interest in assets.
2. The current pipelined commissions plus 90 days of renewal income are timely paid upon receipt from customers at the rates agreed to in our executed agreement.
3. I retain possession of the following equipment: Dell Dimension 8200 Pentium 4, 2 monitors, keyboard, Kensington mouse, speakers and other peripherals currently used by me, HP 4550N Color Laserjet Printer, HP4050TN Printer, Sentry Safe, Danby Refrigerator and Net Gear hub.
4. I receive Nacio's check in the sum of \$500 for the laptop stolen from me.
5. We agree mutually on a date or timetable for my physical departure, and a joint communiqué to Nacio staff with whom I have worked, reflecting that we have agreed upon this together and wish each other well in the pursuit of business and employment endeavors.
6. I would relinquish any claims to stock pursuant to the employment agreement.

7. Failure to adhere to these terms would trigger the severance payments and stock called for in the employment agreement.

In addition I will agree to provide the following:

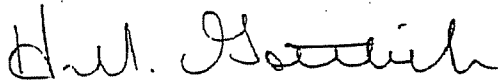
1. Assistance in the smooth transition of my duties to anyone you designate here at Nacio.
2. Assistance in closing prospects and renewals currently in pipeline.
3. Introduction of designated Nacio staff person to my contacts at BSA, SIIA and IAITAM.
4. Introduction of designated Nacio staff person to the active Attest Systems domestic and international partners.
5. Enter into a consulting agreement with Nacio to provide support subsequent to my departure. ←

My intention is to seek employment with a trade association or analyst group that cover the IT & Software Asset Management sector. I have over 15 year experience in this industry and many contacts. My next endeavor will place me in a position to help Nacio in its efforts to sell and support GASP.

I would like to sit down or talk to you on the phone to formalize these proposed arrangements, which are intended to be in the spirit of cooperation and to create a positive and mutual transition. Please advise if this proposal is acceptable, and when we can finalize the details.

This offer remains open for five days, and expires then unless accepted in writing. The offer is meant as a compromise and to avoid any disputes and set a positive tone going forward. If not accepted, I reserve the right to pursue the severance payment in agreed arbitration format, and select the actual date of my physical departure to minimize any negative professional impact or embarrassment arising from the Constructive Termination. That date would be within 30 days, and would be with formal notice and proper communication with staff.

Sincerely,



Herbert M. Gottlieb

Nacio Systems, Inc. agrees to the terms and conditions as stated above.

By: _____

Murray Goldenberg, CFO